Monthly Report of Prospects for Japan's Economy

December 2024

Macro Economic Research Center
Economics Department

The Japan Research Institute, Limited

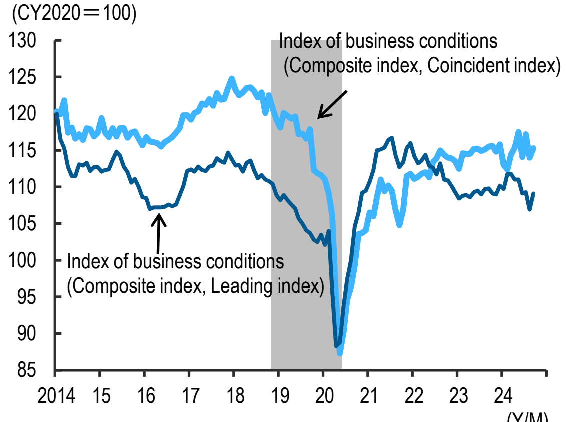
https://www.jri.co.jp/english/periodical/

This report is the revised English version of the November 2024 issue of the original Japanese version.

The General Situation – The economy is gradually recovering, though activity has slowed in some areas

Figure 1-1 Economic Activity

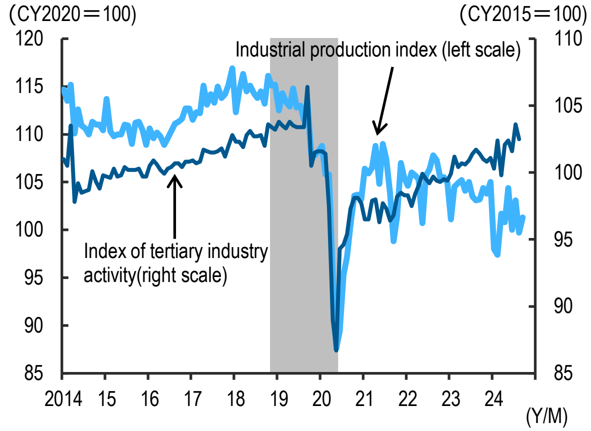
Coincident economic indicators are fluctuating, and leading indicators have stopped falling.



Source:The Cabinet office.

Figure 1-2 The Corporate Sector

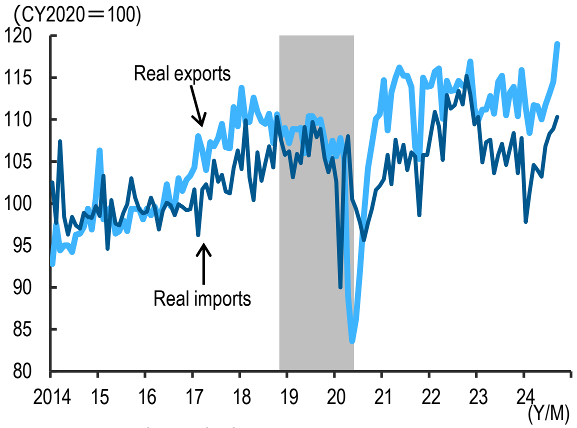
Industrial production is fluctuating.
Economic activity in the service sector is on the recovery track.



Source:The Ministry of Economy, Trade and Industry.

Figure 1-3 Overseas Demand

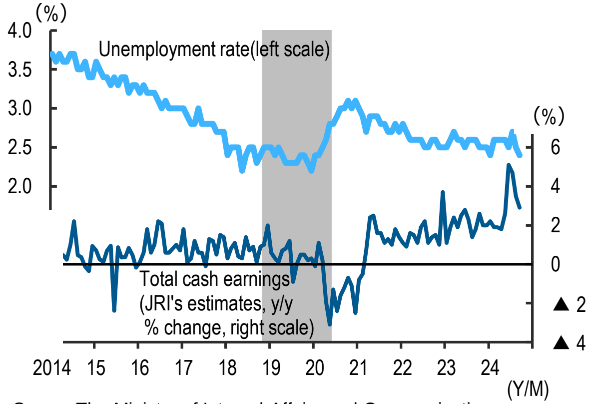
Both exports and imports have recovered significantly following the slump at the start of the year.



Source:The Bank of Japan.

Figure 1-4 Employment and Income

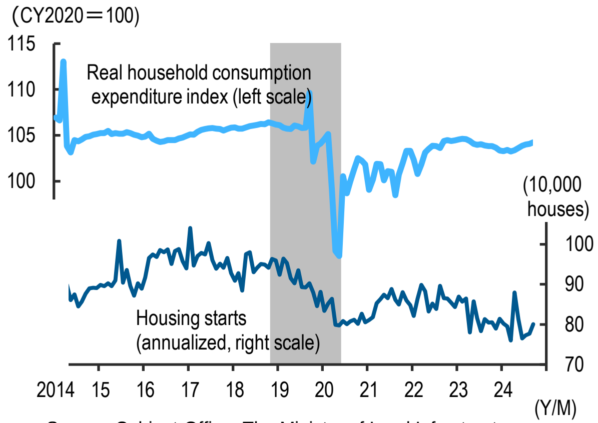
The unemployment rate remains more or less flat in the mid-2% range.Nominal wages have risen by around 3% over the past year.



Source:The Ministry of Internal Affairs and Communications,
The Ministry of Health, Labor and Welfare.

Figure 1-5 The Household Sector

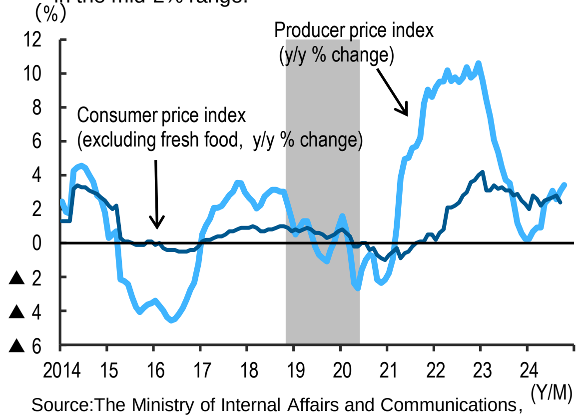
Consumption is picking up.
Housing starts remain at a low level.



Source: Cabinet Office, The Ministry of Land,Infrastructure, Transport and Tourism.

Figure 1-6 Prices

Corporate price inflation has risen due to the continued weakness of the yen.Consumer price inflation is hovering in the mid-2% range.



Source:The Ministry of Internal Affairs and Communications,
The Bank of Japan.

＊The shaded area indicates the recession phase.

In July-September, annualized real GDP growth was +0.9% quarter over quarter (QoQ)

◆ Personal consumption increased for the second consecutive quarter

Annualized QoQ real GDP growth in the July-September quarter was +0.9%, with growth staying in positive territory for two straight quarters. The recovery was driven by personal consumption against a backdrop of the resumption of vehicle shipments by certain automakers, government support such as lump-sum tax reductions, and an improvement in the income environment. However, foreign demand declined for the third consecutive quarter, and capital investment was somewhat weak.

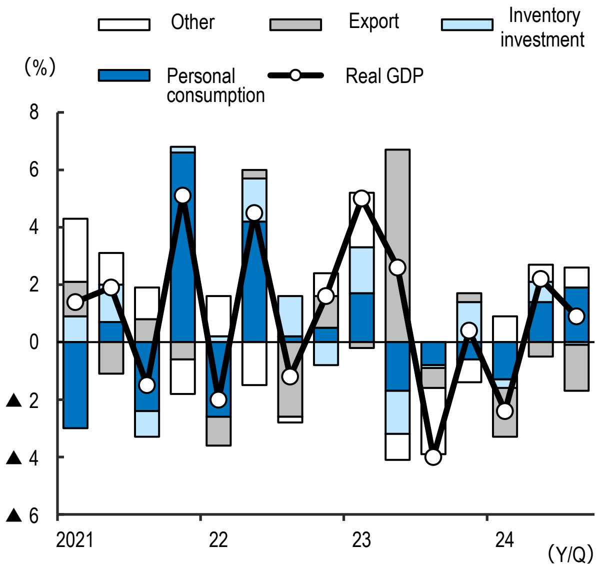
◆ Production in the manufacturing sector is fluctuating

In September, the Industrial Production Index edged up 1.4% month over month (MoM). A background factor was a rebound following the suspension of operations at automobile plants due to a large typhoon in late August.
Near-future production plans indicate an increase in output in October (+8.3% MoM)) and a decrease in November (-3.7% MoM). Output of production machinery, particularly semiconductor manufacturing equipment, is expected to increase.

◆ The improvement in consumer sentiment has stalled

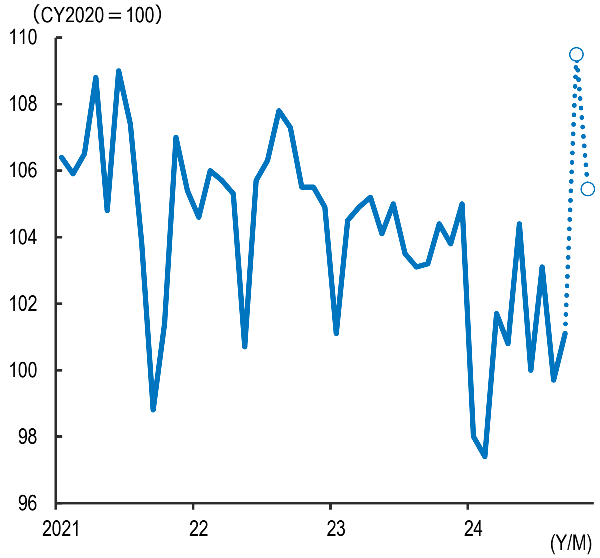
The Consumer Confidence Index dipped slightly in October. Since the spring of this year, in response to rising prices of services and food, indicators of sentiment concerning overall livelihood have fallen a little.

Figure 2-1 Real GDP Growth Rate
<annualized rate of change from previous quarter>



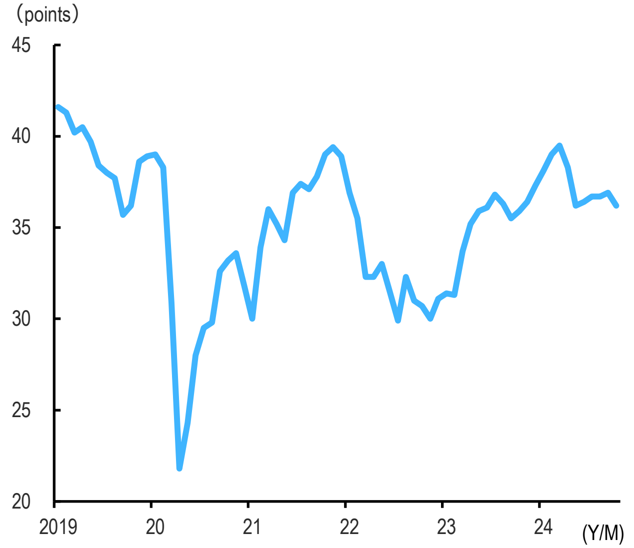
Source: The Japan Research Institute, Ltd. based on data of The Cabinet Office.

Figure 2-2 Industrial Production Index
<seasonally adjusted>



Source: The Ministry of Economy, Trade and Industry.
Note:Dotted lines are postponed based on the forecast index of manufacturing production (October and November).

Figure 2-3 Consumer Attitude Index
<seasonally adjusted>



Source: Households with two or more persons.
Note:The Japan Research Institute, Ltd. based on data of The Cabinet Office.

A recovery in goods exports is evident, and inbound demand is also strong

◆ Exports of goods have increased significantly

Real exports in July-September rose by 4.0% QoQ, marking the second consecutive quarter of growth. While exports of transportation machinery were sluggish, those of IT-related goods, capital goods, and intermediate goods increased. This reflects a pick-up in cyclical demand for goods. The global silicon and capex cycles are in a recovery phase.

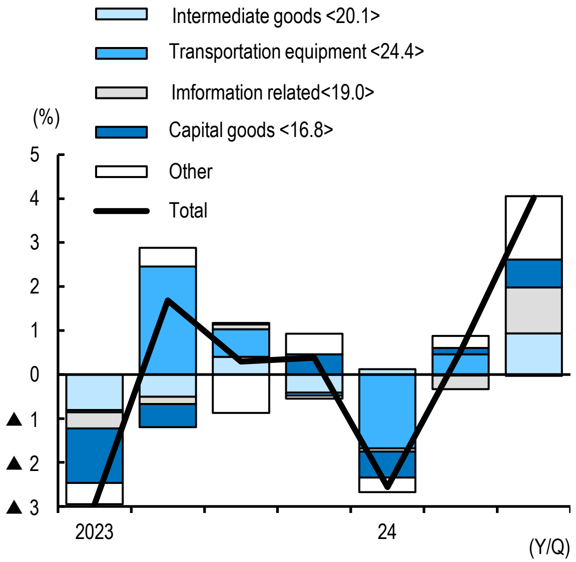
Looking ahead, exports of goods, particularly IT-related goods and capital goods, are expected to see a gradual recovery, despite the adverse impact of a slowdown in the Chinese economy and heightened uncertainties stemming from the policies of President-elect Trump. World Semiconductor Trade Statistics (WSTS) expects the semiconductor market to expand steadily through 2025 thanks to factors such as brisk AI-related demand. In addition, as major overseas central banks continue to cut interest rates, the recovery phase of the capex cycle is likely to continue for the time being.

◆ Inbound demand is firm

The number of foreign visitors to Japan in September was 2.87 million, far higher than the monthly figures recorded before the COVID pandemic. By country/territory, the numbers of visitors from South Korea, Taiwan, and Western countries have been steady, while the number coming from China, who had been slow to return, has recovered to about 80% of the pre-COVID level, boosting the overall figure for tourist numbers.

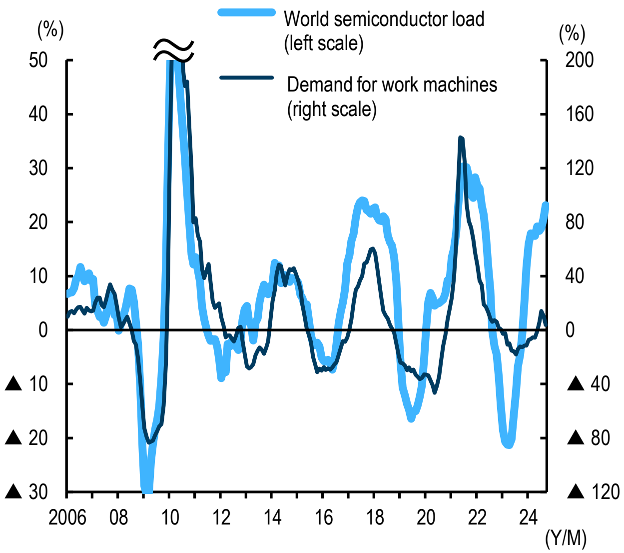
Inbound demand is also expected to remain firm going forward, exceeding the levels seen before COVID. The yen is still weaker than it was ahead of the pandemic, and this factor should continue to contribute to boosting inbound demand. Above all, there is still room for recovery in the number of visitors from China, and if this recovery materializes, it should push up the overall number of foreign visitors to Japan. However, it is important to pay attention to the risk that the stagnation of China's economy will hinder the recovery in the number of Chinese visitors to Japan.

Figure 3-1 Real Exports by Category <contribution to the previous quarter>



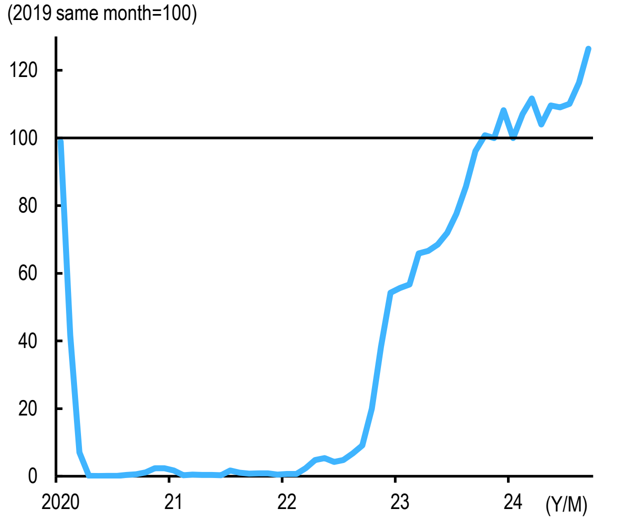
Source: The Bank of Japan.
Note: < > Figures in parentheses represent the share of total nominal exports in 2023.

Figure 3-2 World Semiconductor Shipments and Machine Tool Orders External Demand <YoY>



Source:The Japan Research Institute, Ltd. based on data of WSTS and The Cabinet Office.
Note:Backward 3-month moving average.

Figure 3-3 The Number of Foreign Visitors to Japan



Source: The Japan Research Institute, Ltd. based on data of Japan National Tourism Organization.

The income environment is improving and personal consumption is starting to pick up

◆The pace of decline in real wages has slowed

Wages are increasing at an accelerating pace. In September, the YoY increase in basic salaries of ordinary workers was 2.5%, slowing from the previous month but remaining at a high level. Meanwhile, the hourly pay of part-time workers climbed 4.2% YoY, continuing to rise, albeit with some fluctuation. YoY real wage growth was -0.1%, staying negative for the second month in a row, though the pace of decline has slowed.

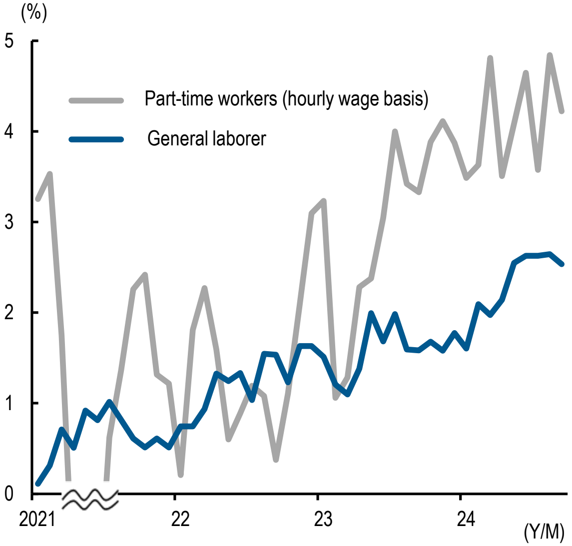
Going forward, wage rises are expected to continue to accelerate, with positive YoY real wage growth becoming firmly established. With the wage hikes agreed at this year's shunto (spring wage negotiations) already implemented, the rate of increase in the basic salaries of ordinary workers is likely to remain at the current level for the time being. On the other hand, against the backdrop of worsening labor shortages, part-time work is expected to continue to see high wage growth, and overtime pay should also increase as the economy recovers. Supported by strong corporate earnings, this winter's bonuses look set to be significantly higher than last year's, following the trend seen with this summer's bonuses, and this should help boost real wages.

◆Consumption is starting to pick up

Personal consumption is picking up. Consumption of services is rising gradually, and that of durable goods, especially automobiles, is also increasing.

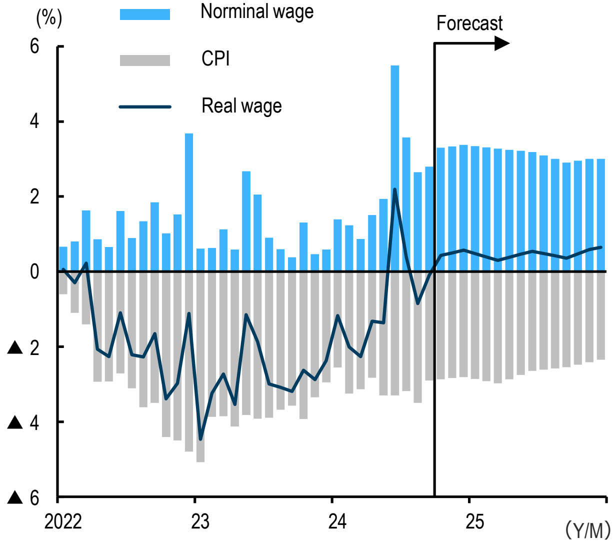
Looking ahead, personal consumption is expected to gradually pick up, supported by an improvement in the income environment. However, it should be noted that if imported inflationary pressures build once again due to yen depreciation or soaring resource prices, the resultant downturn in real wages could cause consumption to dip.

Figure 4-1 Basic Salary<YoY>



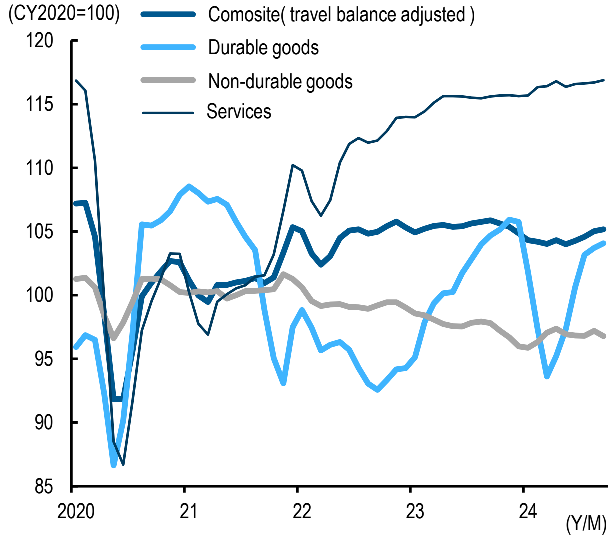
Source:The Japan Research Institute, Ltd. based on data of Ministry of Health, Labour and Welfare.
Note:Adjusted for data fault caused by the replacement of surveyed firms.

Figure 4-2 Real Wage<YoY>



Source: The Japan Research Institute, Ltd. based on data of The Ministry of Health, Labor and Welfare, Ministry of Internal Affairs and Communications.
Note: Adjusted for data replacement. Consumer prices are comprehensive, excluding imputed rent for owner-occupied housing.

Figure 4-3 Consumption Activity Index <seasonally adjusted>



Source: The Japan Research Institute, Ltd. based on data of The Bank of Japan.
Note: Backward 3-month moving average.

Core inflation will remain around 2% for the time being

◆ The government's resumption of measures to ease the pain of high prices is causing inflation to slow

In September, core consumer price inflation slowed from the previous month to 2.4%. Inflationary pressures from imported food and goods intensified due to the continued weakness of the yen, while the temporary resumption of government subsidies for electricity and gas bills suppressed overall price growth.

For the time being, the core CPI is expected to keep rising at an annual pace of around 2%. The government is planning to keep its electricity and gas subsidies in place into the beginning of next year. The drop in energy prices should thus serve to curtail inflation from this winter to next spring. On the other hand, upward pressure on the prices of imports is increasing due to the lingering weakness of the yen, and service price inflation is expected to rise as moves to pass on higher wages to selling prices gather momentum.

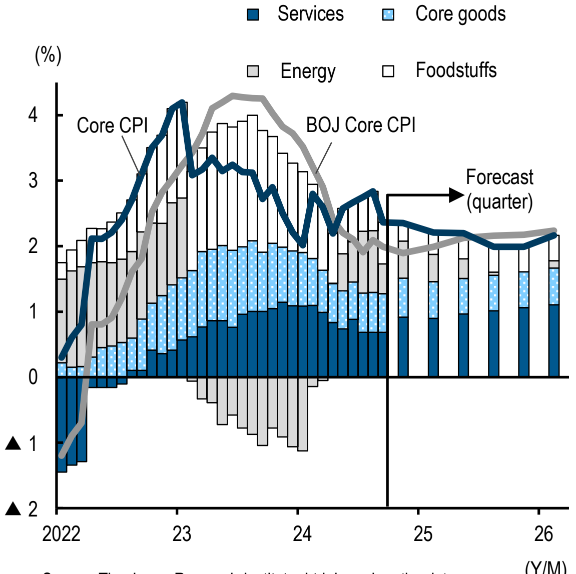
◆The BOJ will begin to raise interest rates gradually and continuously forward

At its monetary policy meeting at the end of October, the Bank of Japan (BOJ) decided to keep its policy rate unchanged.

Long-term interest rates moved upward in October in tandem with the rise in U.S. long-term rates, before becoming relatively static toward the end of the month as the bond market digested the result of the House of Representatives election.

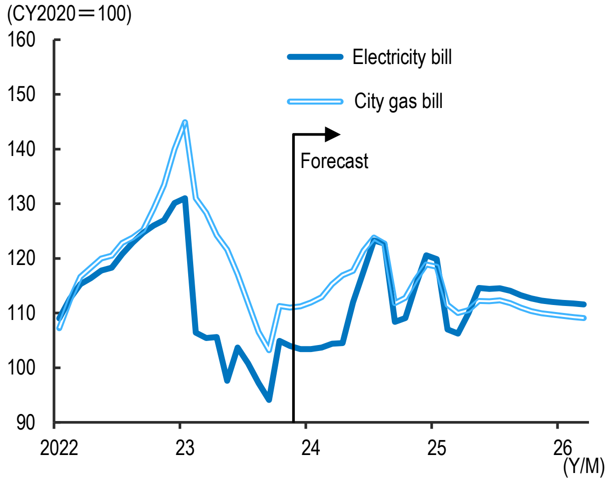
Looking ahead, the BOJ is expected to increase interest rates again at its first meeting next year, and to then continue raising them in small increments, while keeping a close eye on the impact of money and capital market fluctuations on the economy. Long-term interest rates look set to rise gradually due to policy rate hikes and a recovery in the domestic economy.

Figure 5-1 Consumer Price Index <YoY>



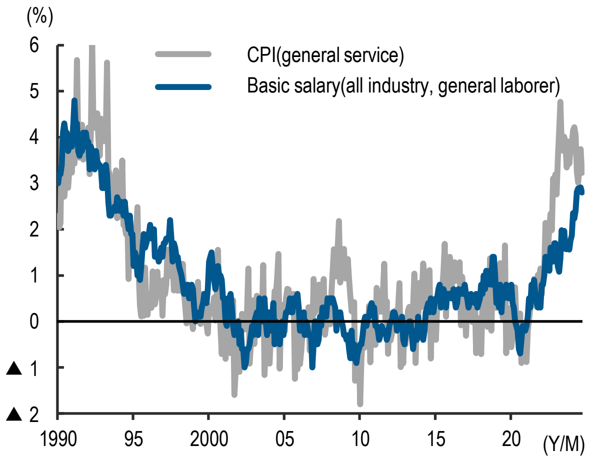
Source: The Japan Research Institute, Ltd. based on the data of The Ministry of Internal Affairs and Communications.

Figure 5-2 CPI Electricity and City Gas Bill Forecast



Source: The Japan Research Institute, Ltd. based on data of The Ministry of Internal Affairs and Communications and the Agency for Natural Resources and Energy.
Note:The measures to mitigate the effects of sharp fluctuations in electricity and city gas prices are expected to end in October 2024, and then resume in March 2025. The measures to mitigate the effects of sharp fluctuations in fuel oil prices are expected to be extended beyond the end of 2024 and continue until March 2025.

Figure 5-3 Wages and Service Prices<YoY>



Source: The Japan Research Institute, Ltd. based on data of The Ministry of Health, Labour and Welfare and Ministry of Internal Affairs and Communications.
Note:General service prices excluding rent. From April 2020, communication fees (mobile phones) and accommodation expenses are excluded. Regular wages before 1993 include part-time workers).

Topic①: Mr. Trump's re-election will impact Japan's economy

◆The manufacturing sector will be hit

The U.S. presidential election in early November saw Donald Trump re-elected. His policies are expected to deal a blow to Japan's manufacturing sector, especially capital goods, in two ways:

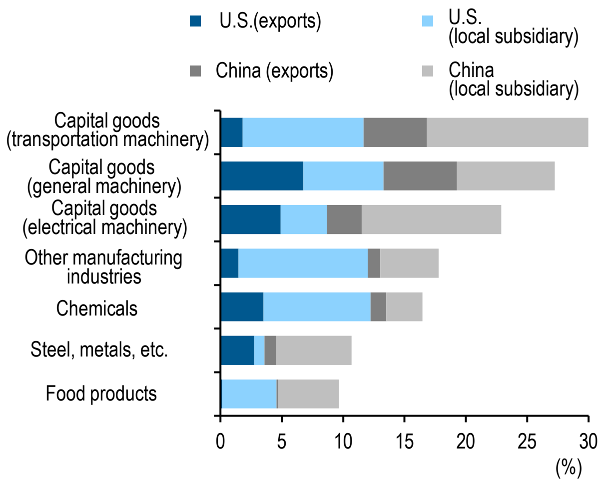
The first is that exports to the U.S. and China will fall due to tariff hikes. Mr. Trump has said that he will raise tariffs on imports from China to 60%, and has also declared that he will impose tariffs of 10-20% on manufactured goods from other countries. These tariff policies will exert downward pressure on Japan's exports to the U.S. and China by 1) weighing on the Chinese economy, 2) causing a decline in the price competitiveness of Japanese products in the U.S., and 3) possibly triggering an inflation-induced downturn in the U.S. economy. The impact on the capital goods sector, which sells a hefty portion of its output to the U.S. and China, will be especially large.

The second is that exports of capital goods will slump due to a worldwide softening in appetite for capital investment. If policies become unpredictable, as they did during Mr. Trump's previous term, when he would suddenly come out with extreme policies, a reluctance to make capital investments could spread globally. This would push down demand for capital goods, an area in which Japan is strong. According to estimates, a rise in uncertainty depresses production across the board in countries' manufacturing sectors, with the reduction in output being particularly large in Japan.

◆Yen depreciation also poses the risk of inflation being reignited

Since many of Mr. Trump's policies, such as tariff hikes and tax cuts, will intensify inflation in the U.S., there is a risk that downward pressure on the yen could build again through a widening of the interest rate differential between Japan and the U.S. If the yen weakens by more than expected, imported inflationary pressures will grow, and this will weigh on the real wages of households and the profits of small and medium-sized enterprises.

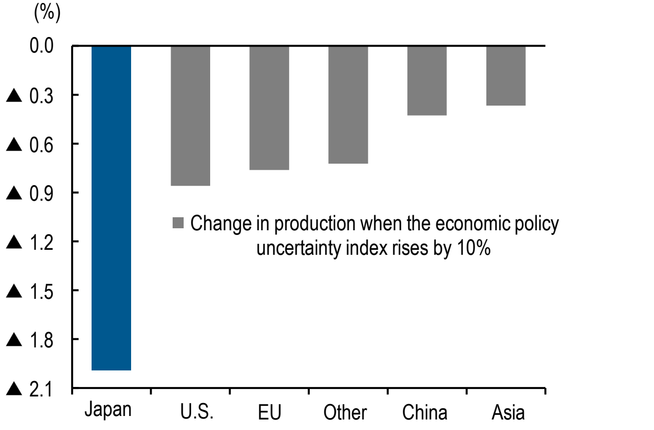
Figure 6-1 The Proportion of Total Sales of Japanese Manufacturers Accounted for by Sales to The US and China



Source:The Japan Research Institute, Ltd. based on data of The Ministry of Economy, Trade and Industry, Ministry of Finance.

Note:2021. Total sales are the sum of domestic sales, exports, and sales by overseas subsidiaries.

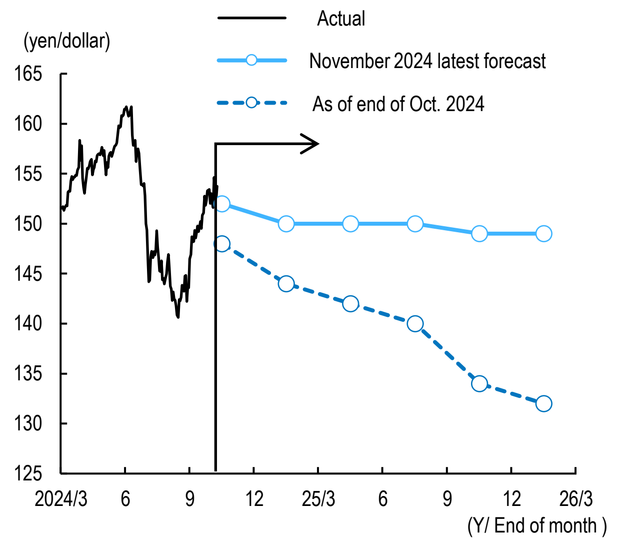
Figure 6-2 Impact of Increased Uncertainty on Production



Source:The Japan Research Institute, Ltd. based on data of Economic Policy Uncertainty, Netherlands Bureau for Economic Policy Analysis.

Note: Regression of each country's production against the economic policy uncertainty index, global production, and the lag of one period for each country's production (all in logarithmic form). The long-term impact of an uncertainty index of 10% on production was calculated. The period was from January 2000 to January 2024. The economic policy uncertainty index rose by 17.7% over the three years of former President Trump's presidency (January 2017 to December 2019, excluding the period of the coronavirus pandemic) compared to the year immediately prior to his inauguration.

Figure 6-3 Exchange Rate (dollar-yen) Forecast



Source:The Japan Research Institute, Ltd. based on data of Bloomberg L.P.

Topic②: Growing demand for used homes is putting downward pressure on housing investment

◆Purchases of second-hand housing are increasing

In Japan, used home purchases are on the rise. Estimates based on the results of a survey conducted by the Japan Housing Finance Agency of borrowers taking out "Flat 35" mortgages indicate that pre-owned homes currently account for over 30% of housing purchases. In recent years, such purchases have increased markedly in provincial areas.

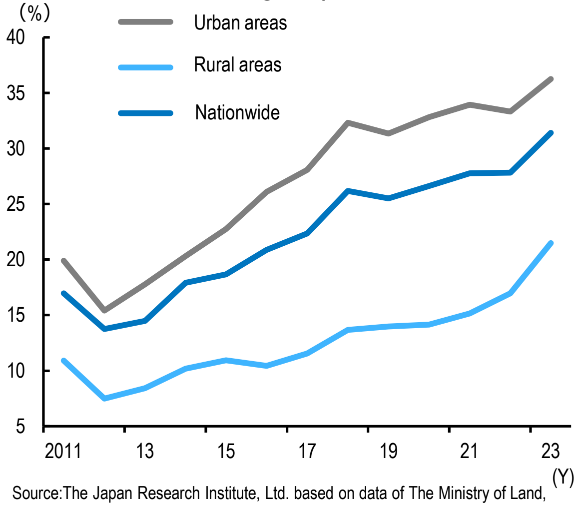
One of the reasons for the rise in used home purchases is higher property prices. Due to rising material prices and labor costs, real-estate prices have risen by about 1.4 times in the past ten years. Demand for second-hand homes, which are cheaper than new ones, is thus growing as buyers seek to keep a lid on purchase costs. According to a questionnaire survey conducted by the Ministry of Land, Infrastructure, Transport and Tourism, among those who want to own a home, the number of people who want a new one is decreasing, while the number who either do not mind whether it is new or used or would prefer a used home is increasing.

◆Housing investment has dropped 10% in a decade

The increase in used home purchases has exerted downward pressure on housing investment in Japan by reducing investment in new homes. According to estimates, a one-point increase in the share of used home purchases in total housing purchases results in a drop in housing investment of just under 1%. This means that the growing demand for pre-owned homes has cut housing investment by 10% over the past decade. Although the popularity of second-hand housing is spurring renovation-related investment, the impact of this on overall housing investment is limited.

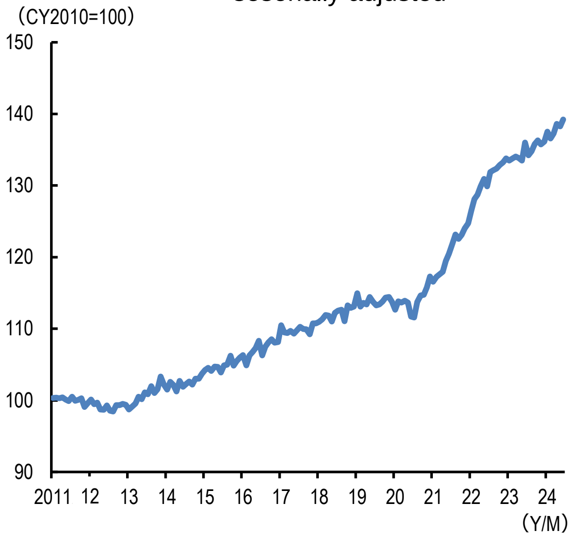
Housing investment in Japan has been on a downward trend for some time. And looking ahead, housing investment is expected to be pushed down by the rise in used home purchases, which will add to the effects of reduced ability to afford to purchase housing and a decline in the number of households.

Figure 7-1 Percentage of Second-Hand Housing Acquired



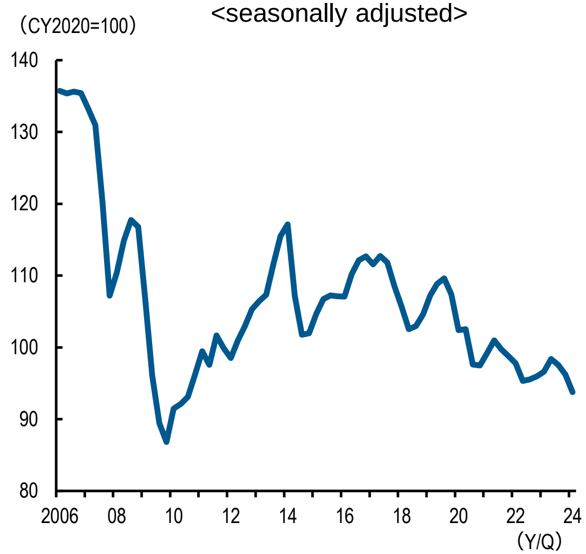
Source:The Japan Research Institute, Ltd. based on data of The Ministry of Land, Infrastructure, Transport and Tourism and Japan Housing Finance Agency.
Note:The number of second-hand housing acquired is estimated using the "Flat 35 User Survey" based on the "Fiscal 2022 Annual Report on the Japanese Economy and Public Finance" by the Cabinet Office.

Figure 7-2 Real Estate Price Index <sesonally adjusted>



Source:The Japan Research Institute, Ltd. based on data The Ministry of Land, Infrastructure, Transport and Tourism.

Figure 7-3 Real Private Housing Investment <seasonally adjusted>



Source:The Japan Research Institute, Ltd. based on data The Cabinet Office.

Topic③:A labor market mismatch is exacerbating labor shortages

◆The labor market mismatch across occupations is increasing

Unemployment has fallen as far as it can. According to the Ministry of Internal Affairs and Communications' Labour Force Survey, the unemployment rate, hovering in the mid-2% range, has barely changed since 2022, and has not returned to the bottom recorded before the COVID pandemic. In the diffusion index (DI) for employment conditions in the BOJ's Tankan survey, an indicator of subjective perceptions of labor shortages among companies, the majority of respondents say that there is a shortage of personnel, the first time this has happened since the bubble era. Yet despite that, the drop in the unemployment rate has been limited.

One factor that can be pointed to as a reason for this is a labor market mismatch. Since the pandemic, the percentage of corporate job openings being filled has fallen further, while the percentage of job seekers landing jobs has dropped significantly. So despite strong demand for labor from companies, job seekers are having a tough time finding employment.

This labor market mismatch stems from the fact that job seekers are concentrated in certain occupations. An examination of labor market mismatch indicators reveals that while there has been no significant change in the degree of mismatch across regions and employment types since the pandemic, the mismatch across occupations has widened. In areas such as clerical work, there continues to be an excess of job seekers, but in construction and transportation, the excess of job openings is now even greater than it was before the pandemic.

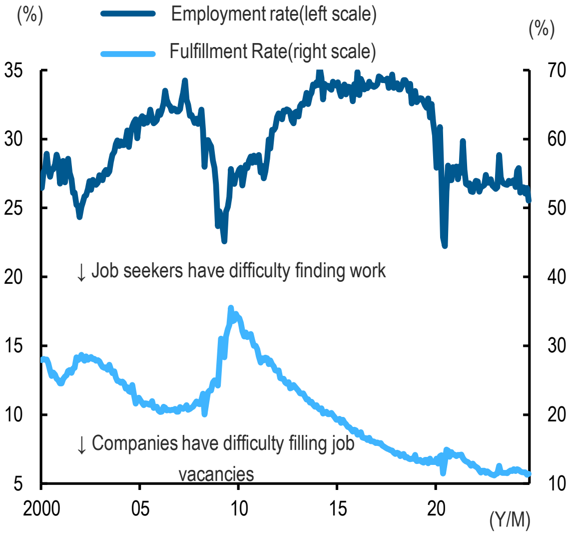
◆ Promoting labor mobility will be key to eliminating the mismatch

If the labor market mismatch becomes prolonged, the supply of labor will become even more constrained. To eliminate the mismatch, a pressing task is to improve working environments in occupations with labor shortages. In addition, given the current situation of high levels of labor mobility within the same occupation, it will be important going forward to promote labor mobility between different occupations, such as by expanding reskilling initiatives.

Figure 8-1 Unemployment Rate
<seasonally adjusted>

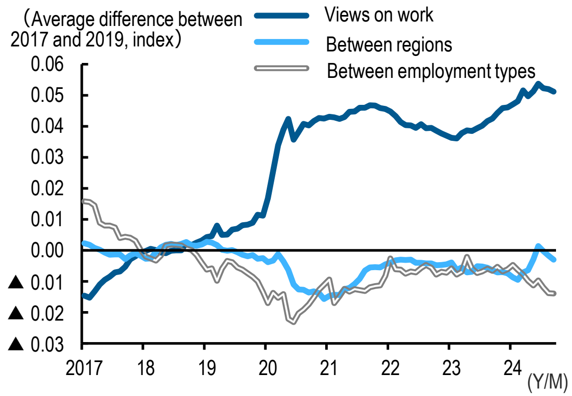
Source:The Ministry of Internal Affairs and Communications.

Figure 8-2 Employment Rate and Fulfillment Rate
<seasonally adjusted>



Source:The Japan Research Institute, Ltd. based on data of The Ministry of Health, Labour and Welfare.
Note: Employment rate = number of jobs filled / number of new job applications, fulfillment rate = number of jobs filled / number of new job vacancies.

Figure 8-3 Employment Mismatch Index



Source:The Japan Research Institute, Ltd. based on dataThe Ministry of Internal Affairs and Communications.
Note:The employment mismatch index is calculated by adding together the absolute values of the differences between the shares of the number of effective job offers and the number of effective job seekers in each category. Occupations are classified into broad categories, regions are classified into prefectures, and employment types are classified into four categories: regular (part-time and non-part-time) and temporary/seasonal (part-time and non-part-time). Occupations have been adjusted to account for the discontinuity caused by the change in occupational classification in 2023.

Topic④:Raising the tax-free threshold will only eliminate one-quarter of the annual income

◆The effect of increasing the income tax threshold will be limited

The Democratic Party for the People (DPFP) has proposed raising the annual amount of income exempt from income tax to 1.78 million yen, up from the current 1.03 million yen. The party claims that this will remove the "annual income barrier," leading to an increase in the labor supply. However, to fully dismantle the "annual income barrier," reform of the social insurance system is essential.

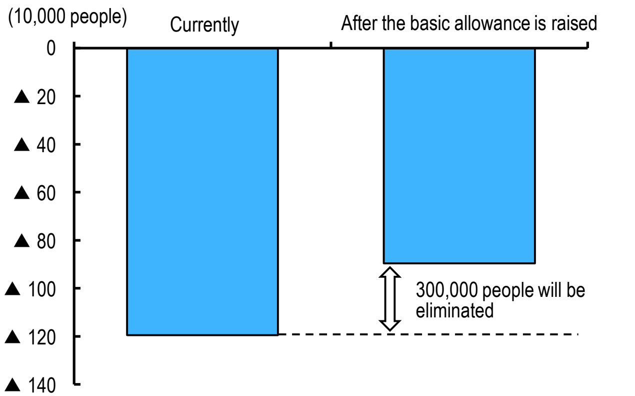
The "annual income barrier" has an effect equivalent to an annual loss of 1.2 million non-regular jobs, as workers adjust the hours they work to stay beneath the threshold. The results of a survey conducted by the National Supermarket Association of Japan showed that 80% of part-time workers who adjust their hours due to tax and social insurance implications do so to limit their annual income to 1.03 million yen. However, according to estimates, even if the threshold for paying income tax and resident tax is raised by 750,000 yen, the resultant increase in the workforce will be equivalent to just 300,000 people, meaning that only one-quarter of the loss of labor due to the "annual income barrier" will be reclaimed.

◆ Reform of the social insurance system is essential

The reason for the limited increase in the labor force is that the "annual income barrier" is caused not only by the tax system but also by the social insurance system, which includes pensions and health insurance. When their annual income exceeds the "social insurance barrier," which is either about 1.06 million yen or about 1.3 million yen, non-regular workers are obliged to enroll in social insurance and are required to pay insurance premiums. Even if the tax-free threshold is raised, many workers who are keeping their annual income below 1.03 million yen would likely then come up against the "social insurance barrier."

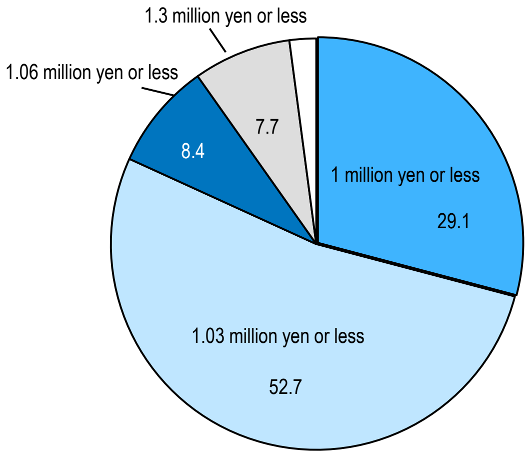
Some political parties, including the DPFP, have pledged to review the system of preferential treatment for spouses that is part of the social insurance system. In Japan, the labor force is only increasing by 230,000 people per year (2023), and labor shortages are becoming more serious. Given that expanding the supply of labor is imperative, the hope is that policy discussions on reform of the relevant systems will be stimulated.

Figure 9-1 Loss of Non-Regular Employment Due to The “Annual Income Barrier”



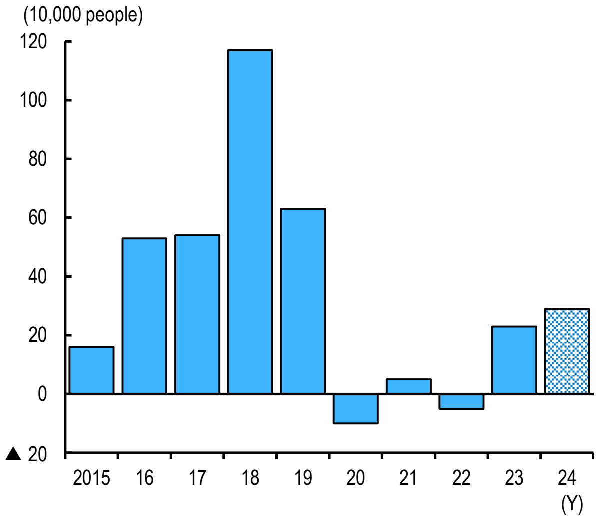
Source:The Japan Research Institute, Ltd. based on data of Ministry of The Ministry of Internal Affairs and Communications, Cabinet Office, Japan Supermarket Association.
Note: For the method of estimating the downward pressure on employment adjustment, see Nishioka and Kitatsuji (, Japan Research Institute Research Focus No. 2023 022. The estimate for the case where the basic deduction is raised is based on the assumption that 66% of workers who are adjusting their employment to below 10.3 million yen will work up to 10.6 million yen, and 34% will work up to 13 million yen.

Figure 9-2 Amount of Annual Income Being Held down<%>



Source:Japan Supermarket Association.
Note: The survey targets part-time workers who are working less than they would like to. Survey conducted in April and May 2023.

Figure 9-3 Labor Force <change from previous year>



Source:The Ministry of Internal Affairs and Communications.
Note:The average for January to September 2024.

The economy will gradually recover, driven by domestic demand

◆ Strong corporate earnings will kick-start a virtuous cycle

Looking ahead, the Japanese economy is expected to stay on a moderate recovery track, led by domestic demand. With bumper corporate earnings serving as a springboard, a proactive stance on spending will likely spread among companies, which will be manifested in wage hikes that outpace inflation and an expansion in capital investment.

Personal consumption is expected to recover moderately, supported by an improved employment/income environment. With labor shortages intensifying, companies are becoming more aggressive in raising pay to secure workers, so wages are expected to continue growing at a rapid pace. As a result, positive YoY real wage growth should gradually become more permanent.

Capital investment is expected to continue to increase thanks to strong corporate earnings. Companies are eager to invest in solutions for decarbonization, DX, and labor-saving. The reshoring of production bases to Japan against the backdrop of heightened geopolitical risks will also provide a boost to capital investment. However, as downside risk factors, attention will need to be paid to the Chinese economy and the result of the U.S. presidential election. And worsening labor shortages may weaken the economy's ability to recover.

◆ The growth rate for FY2024 will be +0.3%

Growth is projected to be +0.3% in FY2024 and +1.1% in FY2025. Due to the impact of the weak economy in the second half of FY2023, growth has decelerated to just above 0% in FY2024, but is expected to return to the 1% range in FY2025. Although the potential growth rate is currently estimated to be around the 0.5% mark, it should rise to about 1% toward the end of FY2025 as labor productivity improves.

Figure10　Projections for GDP Growth and Main Indicators of Japan (as of November 15, 2024)

(%, changes from the previous fiscal year)

	CY2024				CY2025				CY2026	FY2023	FY2024	FY2025
	1~3	4~6	7~9	10~12	1~3	4~6	7~9	10~12	1~3			
	(Actual)			(Projection)						(Actual)	(Projection)	
Real GDP	▲ 2.4	2.2	0.9	1.3	1.1	1.1	1.0	1.1	1.1	0.8	0.3	1.1
Private Consumption Expenditure	▲ 2.4	2.6	3.6	1.2	0.9	0.8	0.8	0.8	0.9	▲ 0.6	0.9	1.0
Housing Investment	▲ 11.0	5.7	▲ 0.4	▲ 0.2	▲ 0.3	▲ 0.3	▲ 0.4	▲ 0.4	▲ 0.4	0.3	▲ 1.6	▲ 0.3
Business Fixed Investment	▲ 1.6	3.8	▲ 0.7	1.8	1.9	2.1	2.3	2.4	2.4	0.3	1.9	2.0
Private Inventories (percentage points contribution)	(1.0)	(▲ 0.4)	(0.4)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(▲ 0.2)	(0.0)	(0.0)
Government Consumption Expenditure	1.3	0.3	2.0	0.5	0.3	0.4	0.2	0.4	0.2	▲ 0.5	0.9	0.4
Public Investment	▲ 4.3	17.4	▲ 3.6	0.4	0.2	0.2	0.2	0.2	0.2	0.6	1.5	0.1
Net Exports (percentage points contribution)	(▲ 1.6)	(▲ 0.5)	(▲ 1.7)	(0.0)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(1.4)	(▲ 0.7)	(0.0)
Exports of Goods and Services	▲ 16.8	10.7	1.5	2.3	2.5	2.5	2.5	2.6	2.7	2.8	1.3	2.4
Imports of Goods and Services	▲ 9.4	12.2	8.5	2.0	1.7	1.7	1.7	1.8	1.8	▲ 3.2	4.5	2.2

(% changes from the same quarter of the previous year)　(% changes from the previous fiscal year)

	CY2024 1~3	4~6	7~9	10~12	CY2025 1~3	4~6	7~9	10~12	CY2026 1~3	FY2023	FY2024	FY2025
Nominal GDP	2.5	2.0	2.9	2.3	3.7	2.6	3.0	2.9	3.2	4.9	2.7	2.9
GDP deflator	3.4	3.1	2.5	2.1	2.2	1.5	1.9	1.9	2.1	4.1	2.5	1.8
Consumer Price Index (excluding fresh food)	2.5	2.5	2.7	2.4	2.2	2.2	2.0	2.0	2.2	2.8	2.4	2.1

	CY2024 1~3	4~6	7~9	10~12	CY2025 1~3	4~6	7~9	10~12	CY2026 1~3	FY2023	FY2024	FY2025
Unemployment Rate (%)	2.5	2.6	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.6	2.5	2.4
Exchange Rates (JY/US$)	148	155	149	152	151	151	150	150	149	145	152	150
Import Price of Crude Oil (US$/barrel)	83	87	87	77	75	72	71	72	73	86	82	72

Source: The Cabinet Office; The Ministry of Internal Affairs and Communications; The Ministry of Economy, Trade and Industry; The Ministry of Finance.
The projection figures are based on those of The Japan Research Institute, Ltd.